

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | |
|---|------------|
| APPLICATION OF THE BREATHITT COUNTY WATER) | |
| DISTRICT OF BREATHITT COUNTY, KENTUCKY,) | |
| FOR A CERTIFICATE OF PUBLIC CONVENIENCE) | CASE NO. |
| AND NECESSITY TO CONSTRUCT AND FINANCE,) | 2008-00225 |
| PURSUANT TO KRS 278.020) | |

O R D E R

Breathitt County Water District ("Breathitt District") has applied for a Certificate of Public Convenience and Necessity for a waterworks improvement project to extend water distribution mains within Breathitt County, Kentucky. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Breathitt District proposes to construct approximately 1,800 linear feet of 2-inch water distribution main; 34,800 linear feet of 4-inch water distribution main; 6,700 linear feet of 6-inch water distribution main; 6,300 linear feet of 8-inch water distribution main; 42,000 linear feet of 10-inch water distribution main and related appurtenances south of Jackson, Kentucky along Kentucky Highway 1110.
2. The proposed construction will provide water service to 252 new customers that currently rely on wells, cisterns, and springs for potable water.
3. Total estimated cost of the proposed construction, including design costs and contingencies, is \$2,500,000.

4. Breathitt District has executed memoranda of agreement with the Environmental and Public Protection Cabinet ("Cabinet")¹ that obligate the Cabinet to provide Breathitt District with up to \$3,150,000 of Abandoned Mine Lands Grant funds for use on the proposed project.

5. Nesbitt Engineering, Inc., of Lexington, Kentucky, prepared the drawings and specifications for the proposed project.

6. The Division of Water of the Cabinet has approved the plans and specifications for the proposed project.

7. The proposed facilities do not conflict with the existing service of other utilities.

8. Construction of the proposed facilities will not result in the wasteful duplication of or excessive investment in utility facilities.

9. The public convenience and necessity require the construction of the proposed improvements.

IT IS THEREFORE ORDERED that:

1. Breathitt District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

2. Breathitt District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

¹ The memoranda of agreement are between Breathitt District and the Environmental and Public Protection Cabinet. On June 16, 2008, the Environmental and Public Protection Cabinet was reorganized. The Division of Abandoned Mine Lands and the Division of Water were placed into the Energy and Environment Cabinet. See Executive Order 2008-0531.

3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

4. Breathitt District shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

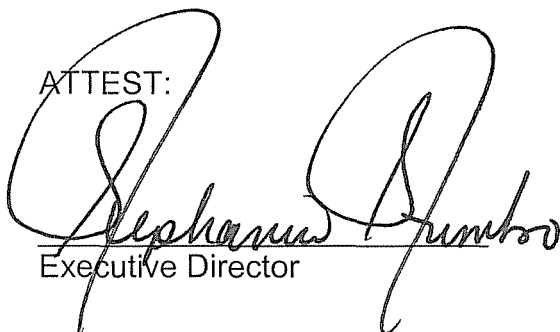
5. Breathitt District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

6. Breathitt District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

Done at Frankfort, Kentucky, this 11th day of August, 2008.

By the Commission

ATTEST:


Executive Director